Electronically Recorded

Tarrant County Texas

Official Public Records

3/17/2011 2:23 PM

D211064294

NOTICE OF CONFERENTIALITY RIGHTS; IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Producers 88 (4-89) — Paid-Up With 640 Acres Pooling Provision

PAID-UP OIL AND GAS LEASE (No Surface Use)

THIS LEASE AGREEMENT is made this 11^{TB} day of MARCH, 2011, by and between THORLAUG DANIELSDOTTIR, whose address is PO BOX 698, HURST, TEXAS, 76053, as Lessor, and CHESAPEAKE EXPLORATION, L.L.C., an Oklahoma limited liability company, whose address is P.O. Box 18496, Oklahoma City, Oklahoma 73154-0496, as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, here called leased premises:

SURVEY - W.M. DOSHIER

ABSTRACT NO. -- 417

A TRACT LOT OR PARCEL OF LAND DESCRIBED AS BEING LOT 14AR, BLOCK 9 OF MARINE CREEK HEIGHTS, PHASE II, AN ADDITION TO THE CITY OF FORT WORTH, TARRANT COUNTY, TEXAS ACCORDING TO THE MAP THEREOF RECORDED IN VOLUME 388-194, PAGE 8, PLAT RECORDS, TARRANT COUNTY, TEXAS, INCLUDING ALL STREETS, ALLEYS, RIGHT OF WAYS, GORES, AND STRIPS OF LAND ADJACENT AND CONTIGUOUS HERETO, AND MADE A PART

in the County of <u>TARRANT</u>, State of <u>TEXAS</u>, containing <u>0.1050</u> gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes belium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-lessed premises, and, in consideration of the aforementioned cash borus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of THREE (3) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the lease bonus contained herein.

3. Possible are all event at the color of the same and the primary term of this lease for an additional two (2) year period by paying the Lessor the equivalent of the same

office substances covered bereof. Option: Lesses shall have the right to extend the primary term of this lesse for an additional two (2) year period by paying the Lesser the equivalent of the same lease boans contained herein.

3. Royalises on oil, gas and other substances produced and saved bereauder shall be paid by Lesser to Lessor as follows: (a) For oil and other tiquid hydrocarbons separated at Lessee's separator facilities, the royality shall be trengty-five necreant (25%) of cush production, to be delivered at Lessee's option to Lessor as the wellhead or to Lessor's credit at the oil purchaser's separator facilities, provided that Lessee shall have the containing right to purchase such production at small reads and gravity. (b) for gas (including casing head gas) and production, severance, or other excise taxes and the costs incurred by Lessee in oil a prevailing price) by reads the production of standar grades and gravity, can be apprehiment to the prevailing in the purchase such production at the prevailing wellhead market price paid for production of similar grades and gravity, can other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the earest field in which there is such a prevailing price) pursuant to comparable purchase contens extend into on the same or nearest preceding date as the date on which lessee the prevailing of the same field, then in the earest field in which there is such a prevailing price) pursuant to comparable purchase contens extend into on the same or nearest preceding date as the date on which lesses contens to the single sold by Lessee, and well or wells are shall nevertheless be doemed to be production. Hereforn is not being sold by Lessee, the less of the second production thereforn is not being sold by Lessee, the less of the second production thereforn is not

- uncompensated drainings by any well or wells located on other lands not pooled therewin. There shall be no coverant to drill exploratory wells or any additional wells except as expressly provided herein.

 6. Lesses shall have the right but not the obligation to pool all or any part of the lessed promises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lesse, either before or after the commencement of production, whenever Lessee dems it necessary or proper to do so in order to prudently develop or operate the lessed premises, whether or not smillar pooling and unthority exists with respect to such other lands or interests. The unif formed by such pooling for an oil well which is not a brotzonial completon shall not exceed 60 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 60 acres plus a maximum acreage tolerance of 10%, provided that a larger unit may be formed for an oil well or gas well or brotzonial completion shall not exceed 60 acres plus a maximum acreage tolerance of 10%, provided that a larger unit may be formed for an oil well or gas well or a horizontal completion shall not exceed 60 acres plus a maximum acreage tolerance of 10%, provided that a larger unit may be formed for an oil well or gas well or a horizontal completion and the maximum acreage tolerance of 10%, and for a gas well or a horizontal completion and the proper of the provided of the proper of the provided of the proper of the provided component thereof. In exercising its pooling rights berunder, Lessee shall like of record a written declaration describing the providing operations on the leased provided component the production which Lessee's royally is calculated shall be that proportion of the leased provided provided provided pr

Page 2 of 2

- 9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained
- interest in less than all of the area covered bereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

 10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes; including but not limited to geophysical operations, the fulling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pitel, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessoe? s wells or proads. In exploring, developing, producing or marketing from the leased premises or almost pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, netwithstanding any partial release or other partial termination of this lease; and (b) to any other lands, and lapping and partial remination of this lease; and (b) to any other lands and to commercial alphy (a) to the entire leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing corps thereon. Lessee shall pay for damage caused by such as a supplemental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of the substances or such pays reported and supplemental

- 14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run
- are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

 15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

 16. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other operations.

 17. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original.

 DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without dures or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in

duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's beirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

NO DEDUCTIONS: It is agreed between the Lessor and Lessee, that, notwithstanding any language herein to the contrary, all oil, gas or other proceeds accruing to the Lessor under this lease or by state law shall be without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and marketing the oil, gas and other products produced hereunder to transform the product into marketable form; however, notwithstanding anything contained herein to the contrary, any such costs which result in enhancing the value of the marketable oil, gas or other products to receive a better price may be deducted from Lessor's share of production so long as they are based on Lessee's actual cost of such enhancements.

ASSOR (WHETHER ONE OR

AUG DANIELS

ACKNOWLEDGMENT

STATE OF TEXA

ANT COUNTY OF TARR

day of_ магсч

2011 by THORLAUG DANIELSDOTTIR.

JONATHAN V. WHITE Notary Public, State of Texas My Commission Expires February 03, 2015

Notary Public, State of Texas -rame (printed): Notary Notary's commission expires: